GOVERNMENT OF INDIA
MINES AND MINERALS
LOK SABHA

UNSTARRED QUESTION NO:7255
ANSWERED ON:12.05.2000
FOREIGN DOMESTIC INVESTMENT IN COAL SECTOR
SANJAY PASWAN

Will the Minister of MINES AND MINERALS be pleased to state:

(a) whether the Government have decided to invite 100 percent foreign and domestic investment in the field of coal, lignite and other minerals in the country;

(b) if so, whether the Government have ascertained the effects of this decision on the Indian coal companies;

(c) if so, the steps being taken to keep the Indian coal companies viable;

(d) whether the government have formulated any concrete strategy/action plan to revive and make these loss incurring subsidiaries of the Coal India Limited viable; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE FOR MINES & MINERALS

(SMT. RITA VERMA)

(a) & (b):In coal sector the private Indian companies setting up or operating power projects as well as coal or lignite mines for captive consumption in such projects have been allowed foreign equity upto 100% provided that the coal or lignite produced by them is meant entirely for captive consumption in power generation. Government has also approved 100% foreign investment in the equity of an Indian subsidiary of a foreign company or in the equity of an Indian company for setting up of coal processing plants in India subject to the conditions that such an Indian subsidiary or the Indian company (a) shall not do coal mining and (b) shall not sell the washed coal or sized coal from their Coal Processing Plants to the respective parties sending raw coal to such Coal Processing Plants for washing or sizing. The other private Indian companies engaged in exploration or mining of coal and lignite for captive consumption for production of iron and steel and production of cement may be allowed foreign equity upto 74%. In respect of other minerals the government has approved foreign equity holding upto 100% on the automatic route for all minerals (except diamonds and precious stones). This covers exploration, mining, mineral processing and metallurgy. In the case of diamonds and precious stones, foreign equity upto 74% will be allowed in the automatic route for both exploration and mining operations.

(c) to (e): Coal India Limited in its attempt to revive three loss making subsidiaries viz Eastern Coalfields Limited (ECL), Bharat Coking Coal Limited (BCCL) and Central Coalfields Limited (CCL) has engaged the services of ICICI and IDBI/PWC. In respect ECL, ICICI has submitted its report.A proposal for revival of ECL, based on the recommendations of ICICI is under consideration of the Government.